

# **Colorado Department of Public Health and Environment**



## **Performance Management Program Implementation**

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## Overview of Plan

Colorado Performance Management System (CPMS) is a program designed to increase accountability of employees and reward employees based on their individual performance. The original performance based pay program was mandated by legislation passed in 1996 for all State agencies to implement Colorado Pay for Performance (CPP) over a three-year period. The Colorado Department of Public Health and Environment (CDPHE) opted to implement CPP in the second year beginning July 1, 1999. Legislation prevented the implementation of pay for performance in July 2000. Senate Bill 00-211 required that a new performance pay system be developed and submitted to the Joint Budget Committee by August 31, 2000. The new performance management system sets performance evaluation at four levels. Level 1 is Needs Improvement; level 2 is Good; level 3 is above Commendable; and level 4 is Outstanding. The department has adopted the procedures and guidelines as established by the Department of Personnel and Administration (a.k.a., state personnel) in the development of its performance-based pay program.

The department's mission and strategic plan contains the values necessary for implementing performance management within the department. Various total quality improvement teams were involved in developing the implementation of the performance-based system within the department, the performance management tools, and the line of sight principles to guide the department in its implementation of the performance based program.

The following guiding principles are:

### **1. Performance Management Process - Paradigm Shift**

Performance based pay and performance based management required employees to undergo a paradigm shift from the traditional system of reward for longevity. Because of this shift, the performance planning and evaluation tool is subject to change as the needs of the department change. To this end, the department will continue to evaluate the tool and make any necessary changes.

### **2. “No Surprises”**

- a. “No Surprises” means that employees and supervisors will have an on-going dialogue, both formal and informal regarding the development and implementation of the employee's performance plan, objectives, and revisions throughout the evaluation period. This dialogue is in addition to the required mid-year and final review.
- b. Supervisors will provide practical and on-going coaching and feedback regarding performance. This includes establishing performance planning and evaluation activities that require active participation by both supervisor and staff to ensure that the final review is not a “surprise.”

### **3. The Feedback Cycle and Process**

- a. The department recognizes that the feedback process for CPMS is a vital part of the program and is critical to its success.
- b. Feedback is defined as information about past behavior, delivered in the present, which may

influence future behavior. Continuous feedback, in both directions, between employee and supervisor is especially important.

- c. Feedback gives the employee information about how s/he affects others, helps to keep his/her behavior and progress in meeting goals on target, and thus helps the employee to better achieve his/her desired outcomes.

#### **4. Gathering Information**

- a. The concept of “balanced scorecard” means that multiple pieces of information are to be considered during the evaluation and planning processes: the evaluation tool itself, customer satisfaction/feedback approaches, competency, capability, traits and characteristics.
- b. Information collected is to be treated as a tool. Supervisors may collect information regarding employee performance from a variety of sources, both internally and externally. This information may be used in the evaluation or planning process. Supervisors must be aware this information should be used judiciously.

#### **5. Performance Ratings**

- a. An employee rated at a level 2 (Good) is a successful and valued employee of the department.
- b. The department recognizes that a large majority of the employees operate within the level 2 and/or level 3 ranges.
- c. Any employee rated at a level 1 (Needs Improvement) will have the opportunity to bring their performance up to level 2 or better before any adverse action effecting pay, status, or tenure is taken against them.

#### **6. Allocation of Funds**

- a. The department’s allocation of awards will be based on the department’s budget and the number of employees eligible for awards within each division and office. No award is guaranteed.
- b. The Human Resources Section will review the overall fund distribution for the department to ensure consistency between divisions and in accordance with the Colorado State Personnel Board Rules and Director’s Administrative Procedures.
- c. Award payments will not be based on quotas or forced distribution for determining the number of ratings in any of the four performance levels.

#### **7. Subjectivity**

While there is an element of subjectivity in the appraisal process, CDPHE will address this issue through the following actions:

- a. A commitment to specific and measurable individual performance goals and/or specific elements for each core factor;

- b. Administration of training, guidance and updates;
- c. Incorporation of at least an annual mid-year review;
- d. Incorporation of the role of the reviewer or next level supervisor; and
- e. Application of the department's dispute resolution process.

## **8. Timeline**

The Colorado Department of Public Health and Environment is implementing performance management July 1, 2001. The first performance award pay will begin July 1, 2002, for employees who are eligible. Employees not eligible for base building and granted a non-base building award will receive this award in one lump sum.

## **9. CDPHE's Approach**

The department's approach to performance management is consistent with the mission, strategic plan and priorities of the Department. Division and work unit goals are then written in alignment with the department goals. Individual performance goals (IPGs) will align with the division and/or work unit goals.

## **Implementation**

Employee input was a key factor in the design of the department's implementation program for Colorado Peak Performance. A number of committees were established to design the performance evaluation mechanism, the guiding principles, and implementation and dispute resolution. These various groups began meeting in April 1998. The senior management team made the decisions regarding the recommendations of these groups.

The performance evaluation mechanism was established through a core group of employees composed of supervisory and non-supervisory employees from the various program areas and the department Employee Diversity Advisory Committee. The final instrument was piloted for three months by supervisory and non-supervisory staff. Based on recommendations from this group, revisions to the instrument were made. In addition, this document as well as the planning and evaluation tool will continue to be revised based on feedback from users subsequent to the final implementation in July 2002.

Guiding principles and implementation procedures were established through a group of managers, fiscal officers, human resources staff, the training administrator and representatives from the performance evaluation mechanism team.

The dispute resolution process was developed by supervisory and non-supervisory employees; representatives from the Employee Council; Employee Diversity Advisory Committee; Colorado Federation of Public Employees; Colorado Association of Public Employees; American Federation of State, County and Municipal Employees; and human resources.

# Performance Management

There are three critical elements to the department's performance management system: planning, coaching and feedback, and evaluation. The basis of the performance management cycle includes these three critical elements coupled with the performance-based pay component.

## 1. Performance Planning

- a. Each employee must know what is expected of him/her to be an effective performer and to actively participate in the process. An effective plan includes descriptions of desired results and how they will be measured. Employee performance plans are to be aligned with the mission, strategic plan and priorities of the department, division and work unit. Each employee must have access to a copy of the department's and the division's strategic plan and any work unit goals to ensure alignment with the department's overall mission and goals.
- b. The performance appraisal cycle will run from May 1<sup>st</sup> through April 30<sup>th</sup> of each calendar year. Final appraisals must be submitted to the Human Resources Section by May 31 of each calendar year.
- c. Individual plans must be completed within thirty days of the completion of the evaluation period, and will cover the subsequent rating year. Supervisors must complete plans for new or transferred employees within thirty days.
- d. Individual plans must be completed using the department's Performance Management Plan and Evaluation Form.
- e. Plans must include the core competencies adopted by state personnel for every employee and cannot be disregarded in the final rating for each employee. Individual performance goals (IPGs) can either be established separately using the Optional- IPG Worksheet of the evaluation form or be built into the elements of the core competencies. The number of IPGs is at the discretion of the division director.
- f. Although supervisors are responsible for developing performance plans for each of their employees, they are expected to involve employees in the planning process to the greatest extent possible. In addition, supervisors and employees should discuss professional growth and training opportunities and desires on an annual basis.
- g. Supervisors who fail to establish performance plans for their employees are not eligible for any performance award. Appointing authorities are responsible for assuring each supervisor has developed performance plans for their employees.
- h. Supervisors who fail to complete performance plans for their respective employees within the specified time lines are subject to corrective action. If the plan is not completed within 30 days of the corrective action, the supervisor shall be disciplinary suspended without pay in one-week increments. State Personnel Rule P-6-2.

- i. In the event a supervisor is deemed unable or fails to complete a performance plan for a respective employee, the next level supervisor is responsible for completing the plan and on up the chain of command until the plan is completed as required by law.

## **2. Coaching, Feedback, and Mid-year Review**

- a. The supervisor is required to meet with the employee periodically during the course of the year to review performance, to coach and to obtain feedback. Employees who are new or working under performance improvement plans need meetings that are more frequent. For new employees, the supervisor and employee may agree upon a mutual time frame for these meetings to occur.
- b. The coaching and feedback session should provide the employee with information regarding his/her performance that is positive as well as the areas needing improvement or additional work. It is ideal for the supervisor to outline what will need to occur in order for the employee to obtain at least a “Good” rating.
- c. All classified employees must receive a formal written review (mid-year) at least once during the rating cycle. Such reviews must be completed and submitted to the department’s human resources office by no later than December 31<sup>st</sup> of each calendar year.
- d. The mid-year review of an employee’s performance must be an indicator of how the employee would be rated if this were the final performance evaluation for the rating cycle. In other words, unless otherwise specified, the mid-year can be in a narrative format with the performance level identified.
- e. A full evaluation must be completed if an employee performance at the mid-year review is rated overall at level 1. In addition, a corrective action or performance improvement plan must accompany the evaluation if such action or plan has not already been executed or if other arrangements have been made.
- f. Employees whose mid-year review is rated at level 2, but one complete factor is rated at level 1, a performance improvement plan should accompany the review. The performance improvement plan should outline how the employee should improve within this factor and provide a reasonable time frame for improvement to be demonstrated before corrective action is imposed.
- g. For employees working under performance improvement plans, a mandatory review must be held every 60 days until the improvement goal is reached or corrective or disciplinary action is initiated.

## **3. Performance Evaluation**

- a. Supervisors who fail to establish performance plans or fail to rate their employees are not eligible for any performance award. Appointing authorities are responsible for assuring each supervisor has conducted performance appraisals for employees he/she supervises.
- b. State personnel guidelines stipulate that the supervisor is responsible for rating each of his or her employees. The department’s program requires that employees have the opportunity to provide input into their performance prior to the rating being given.

- c. Completed evaluations are due to the Human Resources Section no later than May 31<sup>st</sup> of each calendar year.
- d. If an employee has more than one supervisor, it is the responsibility of the supervisors to jointly evaluate the plan for that employee, balancing the evaluation to the greatest extent possible.
- e. Supervisors who fail to evaluate an employee's performance are subject to corrective and disciplinary action as mandated by CRS 24-50-118 and the State Personnel Rules and Administrative Procedures P-6-2.
- f. The human resource office will be responsible for tracking all employee evaluations and notification to the associate director when a supervisor has failed to conduct an evaluation of an employee's performance for the previous year.
- g. The next level supervisor serves as the reviewer. It is the responsibility of the reviewer to ensure that individual performance evaluations are reviewed. It is also the reviewer's responsibility to determine if individual employee and work unit performance resulted in achievement of the division's goals. Division directors must ensure that individual performance evaluations are reviewed for both consistency and fairness among raters before final overall ratings are provided to employees.
- h. Supervisors are not required to complete an annual performance evaluation for employees hired within three months or 90 days of the rating deadline. A default rating of Level 2 is assumed unless the supervisor assigns an interim rating.
- i. Supervisors are required to complete an annual performance evaluation for employees who may be on leave at the end of the rating deadline. The supervisor must make a note that the employee was unavailable to sign and that the employee may sign the rating upon their return.
- j. If a change in supervisor occurs during the year, the overall annual rating will be an average of the interim ratings assigned by more than one supervisor during the year. Each supervisor needs to evaluate the time/he/she actually observed an employee's performance. If a change occurs, the initial supervisor should conduct an interim rating by completing the Planning and Evaluation Form and give this to the incoming supervisor. The new supervisor will conduct a planning session with the employee and evaluate the employee's performance for only the remaining time within the annual cycle. The overall annual rating for this employee would then be the average of the these interim ratings. Page 2 of the Performance Management Summary Form contains a section to compute this average rating. The four-step process is outlined on the Summary Form, but is summarized as follows:
  - 1. Determine the months covered by each interim rating.
  - 2. Convert the months covered to a decimal portion of the year.
  - 3. Multiply the interim total points earned by the decimal figure.
  - 4. Add the adjusted interim point ratings to arrive at the overall annual rating.

For example, Supervisor #1 completed an interim rating, covering 5 months, and arrived at points earned total of 72 points. Supervisor #2 completed an interim rating, covering the other 7 months of the year, and arrived at 80 points earned.



Interim Points	X	Decimal	=	Adjusted Interim Point Rating
72		0.42		30.24
80		0.58		46.40
			TOTAL	76.64

- k. Employees will be evaluated using a 100-point system divided into four levels of performance.
- Level 1 (Needs Improvement) 0 – 49 points.
  - Level 2 (Good) 50 – 69 points.
  - Level 3 (Commendable) 70 – 89 points.
  - Level 4 (Outstanding) 90 – 100 points.
- l. Supervisors must provide a narrative supporting their evaluation of an employee within the Level 4 range as the “Outstanding” level is unique and difficult to achieve because it represents consistently exceptional performance beyond the regular work assignment.
- m. Employees given a final evaluation within the Level 1 range or the “Needs Improvement” level must be given a corrective action at the time the evaluation is received by the employee unless such action or plan has not already been executed or if other arrangements have been made.
- n. Supervisors must complete an evaluation of employees who promote out of or transfer from a position.
- o. Employees receiving two corrective actions within the rating cycle are subject to disciplinary action.

#### **4. Performance Measures**

There are five (six for supervisors/managers) common core competencies for all employees. These core competencies must be included in every employee’s performance appraisal and cannot be disregarded in the final rating for each employee during the following and subsequent fiscal years.

Teamwork can be measured as a component of an individual’s performance plan and awards (base and non-base building) proportioned accordingly.

The required common Core Competencies are:

1. Accountability
2. Communication
3. Job Knowledge
4. Interpersonal Skills
5. Customer Service
6. Human Resource Management (supervisors and managers only)

Each factor has three required elements:

1. Personal Initiative
2. Inclusiveness

### 3. Effectiveness/Efficiency

An employee can earn up to a total of 100 points to include the Individual Performance Goals (IPGs).

The supervisor and employee are responsible for determining the appropriate points assigned to each competency factor and IPGs. The number of points an employee actually earns in each section will be based on outcomes and outputs. The Level 4 employee consistently exceed the position's objectives or requirements. This person is a role model. The Level 2 and Level 3 employee consistently meet the majority of the position's objectives or requirements. This individual is considered a successful and valued employee. The employee who frequently does not meet the position's objectives or requirements is considered Needs Improvement or Level 1 rating.

## **Performance Award Allocation**

1. All award payments will be effective with the July payroll.
2. Employees will have to be on the payroll July 1 following the completion of the rating cycle in order to receive any award whether base building or non-base building.
3. Pursuant to the Executive Oversight Committee Report to the Joint Budget Committee annualization of performance awards is mandatory for fiscal year 2002 as this was the transition year.
4. Determining Performance Award Amounts:
  - a. Employees evaluated at Level 1 are not eligible for a performance award.
  - b. The minimum award for level 2 employees must be more than 0%.
  - c. Level 2 and Level 3 employees receive base building performance awards representing a fixed percent of base salary (X% and Y%, respectively), not to exceed pay range maximum.
  - d. Level 2 and level 3 employees are not eligible for a base building performance award if they are at the maximum of the pay range. However, the appointing authority, at his/her discretion, may grant administrative leave not to exceed 8 hours to be used in one lump sum.
  - e. Level 3 employees below pay range maximum receive an amount higher than level 2, not to exceed pay range maximum.
  - f. Level 4 employees below pay range maximum receive an amount higher than level 3, not to exceed pay range maximum.
  - g. Level 4 employees sufficiently below pay range maximum may receive (but are not guaranteed) base building increases up to Z%, not to exceed pay range maximum.
  - h. Level 4 employees at the maximum of the pay range are only eligible for non-base building performance awards.

- i. All performance award amounts above pay range maximum are non-base building. The total award amount received by Level 4 employees may not exceed Z%.
- j. The specific amount of award to Level 4 performers is a function of: (1) the amount of funds remaining after award percentages for Level 2 and Level 3 employees have been awarded and (2) the proportion of employees within the organization receiving Level 4 ratings.
- k. The new supervisor determines the performance award for an employee who promotes or transfers laterally to a new position. The entire performance award comes from the division to which the employee transferred.

## 5. Award Eligibility

- a. An employee awarded a Level 1 interim rating during the evaluation period but who received an overall annual performance rating of Level 2 or above is eligible for (but not guaranteed) a full performance award.
- b. An employee, who receives at the end of the rating cycle a final rating of Level 1, is not eligible for an award for the previous year's performance.
- c. An employee hired during the evaluation period may receive a full or partial performance award. Pro-rated award amounts may be based on the following:
  - 10 – 12 months – up to 100% of full award
  - 7 – 9 months – up to 75% of full award
  - 4 – 6 months – up to 50% of full award
  - 1 - 3 months – up to 25% of full award
- d. An employee who separates employment with CDPHE before the end of the fiscal year does not qualify for base building or non-base building awards.
- e. Source of funds (e.g., cash or general), method of funding (e.g., appropriated, memorandum of understanding, or grant), and length of state service shall not be a criteria for distinguishing between non-base and base building or combination performance awards.

## Performance Review Process (Dispute Resolution)

The department encourages disputes to be resolved at the lowest possible level. However, if the dispute is not resolved the disputing parties may request mediation pursuant to the department's Dispute Resolution Policy. If the dispute is not resolved at this level, the employee may request review by the appointing authority. Disputes will be processed in accordance with State Personnel Board rules and Director's Administrative Procedures.

## Training

Department-wide training began in March 1999 and is on-going. The Executive Director mandated that

all employees attend one full day of training. The initial training was contracted through State Personnel who also sub-contracted with the firm Brubaker-Shaw. Each training session consisted of no more than 25 participants. The training administrator and/or human resource staff was available in the sessions to assist in answering questions and allaying staff concerns. In addition, to the full day training required for all employees, supervisors were required to attend an extra full day of training for guidance in establishing work unit plans, writing plans driven by the “line of sight” and acquiring additional training regarding writing and measuring IPGs. Supervisors were also given various scenarios for determining the type and amount of award based on the budget allocation. The department provides supervisory training on a regular basis for supervisors new to the department.

## **Program Review and Modification**

We anticipate that we will need to make changes to the department’s program as we discover what works and what does not work. Changes in the State’s guidelines and legislative decisions are also considerations for making changes to the program. Any revisions to the program will be forwarded to the State Personnel Director for approval.

## **Reporting**

As required by law and the State parameters, the department will develop tools to track and report performance and award information, including appropriations and awards to Level 2, 3 and 4 performers. The report will include the total dollars appropriated for performance awards in prior fiscal years, the amount of those dollars awarded to employees for performance awards and the total amount of dollars awarded for each performance category. The Human Resources Section, Budgeting Office and the Information Technology Section will work cooperatively to gather information required to generate these reports.

As approved by

DOUGLAS H. BENEVENTO, Executive Director Colorado Department of Public Health and Environment	DATE
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